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COMMITTEE: ENVIRONMENT AND TRANSPORTATION, ECONOMIC MATTERS

TESTIMONY ON: HB 212 MARYLAND BUILDING PERFORMANCE STANDARDS - FOSSIL FUEL USE AND ELECTRIC-READY STANDARDS

POSITION: OPPOSE

HEARING DATE: FEBRUARY 26, AT 1:00PM

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT IN **OPPOSITION** TO **HOUSE BILL 212 – MARYLAND BUILDING PERFORMANCE STANDARDS - FOSSIL FUEL USE AND ELECTRIC-READY STANDARDS**

Washington Gas is focused on innovation to identify emerging technologies that may create new pathways for efficiency and reduced emissions and to implement the best solutions in a way that achieves greenhouse gas emissions at the least cost while enhancing the resilience of energy supply. This requires a multi-pronged approach. Helping customers use less energy to deliver the same comfort and convenience is a major contributor. We are also exploring opportunities to reduce the carbon content of our fuel supply with certified natural gas and locally produced renewable natural gas. Natural gas distribution systems provide a potential solution to utilize fugitive sources of methane – food waste, wastewater, landfills and agriculture operations - by converting these sources to energy and preventing their release into the atmosphere.

Climate change is a defining challenge across Maryland, and natural gas, natural gas utilities, and the existing delivery infrastructure are essential to meeting the state's greenhouse gas emissions reduction goals in an affordable manner. Maryland can continue to achieve significant emissions reductions by accelerating the use of tools available today, including high-efficiency natural gas applications, renewable gases, combined heat-and-power, and enhanced energy efficiency initiatives. House Bill 212 would limit Maryland residents and businesses from saving money and impede the state's ability to optimize all available resources towards reducing emissions.

House Bill 212 does not allow for the wide variety of low-cost decarbonization methods and technologies beyond electrification. While Washington Gas strongly support efforts to decarbonize and combat climate change, by requiring all new buildings meet all energy demands without natural gas, House Bill 212 is not an appropriate, realistic, or efficient way to advance emissions reductions for customers in Maryland. It will require substantial investments by Maryland's residents and businesses, increase utility bills, and reduce the diversity, reliability, and resilience of Maryland's supply of energy.

The physical characteristics of the natural gas system make it incredibly resilient and reliable, a key asset to keep in mind during the energy evolution. Less than 1% of customers are expected to experience a natural gas outage in any given year, while electric distribution systems see an average of one (1) outage per year per customer. The high reliability of the natural gas system provides significant cost savings on peak demand days. For example, Oregon utility Northwest Natural Gas conducted an analysis of its winter peak demand days and found that the amount of new renewables and storage required to replace the use of natural gas on such days (in terms of exajoules of energy) would cost approximately \$20 billion, not including any grid upgrades required to reliably integrate and deliver energy from these renewables.

Questions remain about the legality of banning fossil fuel use in buildings. In March of 2024 Berkeley, California repealed its proposed ban on natural gas hookups in new construction after the ban was struck down in federal court. There are further uncertainties around the feasibility of abandoning natural gas for widespread electrification and if the grid will be able to accommodate the increased load. The United States Department of Energy's 2023 Transmission Needs Study found that PJM must increase within-region transmission by 61% by 2035 and interregional transfer capacity with the Midwest region by 474% by 2035, both relative to 2020 to accommodate high load and high clean energy growth. Major transmission lines can take more than a decade to obtain permits.⁵ This does not account for the planning, purchasing of land, construction, and other subsequent activities that go into making new transmission operational on the grid.

Electrification by itself is not decarbonization. The majority of the electricity available on Maryland's grid today is supplied by fossil fuels so electrification could be just shifting the point source of the emissions particularly on the coldest days of the year when the gas distribution system is relied on the most. There are also significant workforce development, supply chain, and land use issues that would need to be addressed before undertaking the requirements in House Bill 212. Furthermore, House Bill 212 fails to address the need for a diverse and robust energy portfolio, necessary to maintain stability in the grid and rates in the commercial and residential sectors across Maryland. Maryland has a safe and reliable natural gas infrastructure system that is critical to delivering cleaner fuel today, and the state should leverage it to deliver new low and no-carbon fuels in the future. House Bill 212, by prohibiting natural gas, eliminates an affordable way for Maryland customers to heat their home, cook their meals and operate their business.

Washington Gas provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. We have been providing energy to residential, commercial, government, and industrial customers for more than 176 years. Washington Gas strives to be one of the safest and most innovative energy companies in the region, and the United States. We work daily on fulfilling our longstanding commitment to ensure we deliver energy safely, reliably and affordably to our customers. We embrace our role in helping the communities we serve and are supportive of efforts to reduce greenhouse gas emissions.

For the above reasons Washington Gas respectfully requests an unfavorable vote on House Bill 212. Thank you for your consideration of this information.

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